

February 28, 2011

Senator Kendall Van Dyk
PO Box 441
Buffalo, MT 59103

SENATE TAXATION

EXHIBIT NO. 5

DATE 2.8.11

BILL NO. SB360

Percentage of EITC filers in **SD 25 (TY 2007): 14.7%**

Set at 20% of the federal EITC, a Montana EITC
would bring an additional \$537,437 to SD 25.

Dear Senator Van Dyk,

For more than thirty years, the federal Earned Income Tax Credit (EITC) has been used to combat poverty in the United States. Each year, the EITC lifts more children out of poverty than any other program. Enjoying broad bipartisan support, the EITC was enacted under President Ford and expanded under every president since. Ronald Reagan called it "the best anti-poverty, the best pro-family, the best job creation measure to come out of Congress."

Twenty four states (including the District of Columbia), led by both Republicans and Democrats, have enacted their own versions of the EITC program in efforts to enhance the federal program's proven success. Since 2006 alone, five new states enacted a state EITC and eight others have expanded their existing credits.

In Montana Senate District 25, 14.7% of residents filed for the federal EITC in 2007. **If Montana enacted a state EITC set at 20% of the federal EITC, an additional \$537,437 would have been returned to the working families in your district.**

Please vote in favor of SB 360 to provide a state earned income tax credit.

I have included additional information regarding the benefits, cost, and impact of the proposed state EITC. If you have any further questions regarding the Earned Income Tax Credit, please feel free to contact me at any time.

Sincerely,

Sarah Cline
Policy Program Manager
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(406) 454-5719

Senate District 25

Federal Earned Income Tax Credits in TY 2007

ZIP Code	State	State Legislative District-- Senate	Total Tax Returns	Total Earned Income Tax Credits Claimed	Total Dollar Amount Returned in EITC
59101	MT	District 25	4,280	894	1,591,650
59102	MT	District 25	6,152	641	1,095,537
		TOTALS	10,432	1,535	2,687,187

*Data provided by Brookings Institution. Interactive Tool Online: www.brookings.edu/projects/EITC.aspx